

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 NEA-10 IO-13
ISO-00 L-03 FRB-03 OMB-01 ITC-01 SP-02 ICA-11
AGRE-00 AID-05 CIAE-00 COME-00 INR-10 LAB-04
NSAE-00 OIC-02 SIL-01 STR-07 TRSE-00 CEA-01 SS-15
/140 W

-----044549 072024Z /72

R 061710Z APR 78 ZDK
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 4870
INFO AMEMBASSY PARIS
USMISSION GENEVA
AMEMBASSY BRUSSELS
AMEMBASSY LUSAKA
AMEMBASSY ANKARA
AMEMBASSY KUALA LUMPUR
AMEMBASSY CANBERRA
AMEMBASSY WELLINGTON
AMEMBASSY KINGSTON
AMEMBASSY NEW DELHI
AMEMBASSY BONN
AMEMBASSY COPENHAGEN
AMEMBASSY THE HAGUE

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USOECD
USEEC

E.O. 11652: N/A
TAGS: ETRD, UNCTAD
SUBJECT: COMMON FUND - VIEW OF THE HORIZON FROM THE
U.K. VANTAGE POINT

REF: (A) STATE 87046; (B) LONDON 5161; (C) STATE 82918
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1. EMBOFF TOOK SOUNDINGS WITH FCO AND COMMONWEALTH
SECRETARIAT ON U.K. PERSPECTIVE ON COMMON FUND ISSUES
FOR THE NEXT SEVERAL MONTHS. WHILE THE U.K. POSITION
IS UNCHANGED FROM THE NOVEMBER COMMON FUND (CF)
NEGOTIATION, THERE IS AN UNDERCURRENT WHICH INDICATES A
SLOW BUT DISCERNIBLE SHIFT IN ATTITUDE.

2. U.N. OVERVIEW. U.K. OFFICIALS ARE HOPING TO KEEP THE OVERVIEW MECHANISM A VIABLE MEANS OF DISCUSSING NORTH-SOUTH ISSUES. THEY PROPOSE TO DRAFT SOME PAPERS FOR PRESENTATION AT THE NEXT OVERVIEW SESSION, IN CO-ORDINATION WITH OTHER EC PARTNERS. THE FCO HOPES TO SEE MINISTERIAL REPRESENTATION AT THE NEXT OVERVIEW MEETING. U.K. OFFICIALS ARE PLEASED WITH THE OUTCOME OF THE UNCTAD DEBT NEGOTIATIONS, AND SEE THIS AS A STEPPING STONE TO MORE SUBSTANTIVE DISCUSSIONS WITH THE G-77, DIVORCED FROM RHETORIC.

3. COMMONWEALTH MEETING. A MEETING OF COMMONWEALTH MINISTERS IS SCHEDULED FOR APRIL 13-14 IN LONDON TO DISCUSS COMMON FUND ISSUES. THIS IS AN OFT POSTPONED SESSION ORIGINALLY PLANNED TO DISCUSS A PAPER PREPARED BY THE COMMONWEALTH SECRETARIAT ON THE COMMON FUND IN SEPTEMBER 1977. (COPIES BEING POUCHED TO EB/ORF/ICD). COMMONWEALTH SECRETARIAT OFFICIALS AND FCO EXPERTS SEE A DISCERNIBLE SHIFT AMONG COMMONWEALTH COUNTRIES AWAY FROM RHETORIC TOWARDS MORE SUBSTANTIVE, REALISTIC CF DISCUSSIONS. THE COMMONWEALTH SECRETARIAT ALSO FEELS THE UNCTAD SECRETARIAT IS BECOMING MORE REALISTIC. THI SHIFT WAS INITIATED BY AUSTRALIA AT THE SYDNEY REGIONAL COMMONWEALTH CONFERENCE. THERE IS A POSSIBILITY SOME JOINT COMMONWEALTH FORMULATIONS MAY BE PREPARED FOR THE LIMITED OFFICIAL USE

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NEXT CF MEETING. THEY COULD DEAL WITH EITHER THE BROAD CF FRAMEWORK OR COMMODITY SPECIFIC ISSUES.

4. MALAYSIAN, JAMAICAN, AUSTRALIAN, AND NEW ZEALAND PARTICIPATION. THESE FOUR COUNTRIES ARE TO PLAY KEY ROLES IN THE FORTHCOMING COMMONWEALTH MEETING. U.K. OFFICIALS EXPECT THAT AUSTRALIA HAS SHIFTED GEARS TOWARD THE G-77 POSITION ON FIRST AND SECOND WINDOWS AND IS LIKELY TO BRING NEW ZEALAND WITH IT. THIS IS TH SPARK WHICH MAY IGNITE A BROADER POLICY DEBATE WITHIN THE U.K. AND THE COMMONWEALTH ON CF ISSUES. MALAYSIA AND JAMAICA WILL BE REPRESENTED BY VERY STRONG MINISTERIAL LEVEL DELEGATIONS WHO ARE EXPECTED TO TAKE HARD LINE G-77 ATTITUDES. DATUK AMAR HADI TAIB MAHMOD, MINISTER OF PRIMARY INDUSTRIES, WILL REPRESENT MALAYSIA THE COMMONWEALTH SECRETARIAT SUGGESTED THE U.S. OR ANY-ONE ELSE DISCUSSING CF QUESTIONS WITH MALAYSIA ATTEMPT TO HEAD OFF THEIR TAKING AN OVERLY RIGID LINE.

5. U.K. POSITION AS OF THIS DATE. THE U.K. POSITION O THE COMMON FUND HAS NOT ALTERED SINCE THE LAST CONFERENCE. HMG AWAITS A RESPONSE BY THE G-77 TO THE

GROUP B PROPOSAL AS PRESENTED AT THE CONFERENCE, AND FEELS NEITHER PRE-COMMITMENTS OR PRE-CONDITIONS ARE NECESSARY FOR RESUMPTION OF NEGOTIATIONS. THERE IS A PREDILECTION ON THE PART OF THE U.K. TO CONTINUE TO LOOK FOR AREAS OF AGREEMENT ON CF ISSUES HOWEVER. THE COMMONWEALTH MEETING MAY SPEED UP THIS U.K. TILT.

6. TIMING. THE U.K. GOVERNMENT DOES NOT EXPECT A RESUMED CF NEGOTIATION BEFORE THE SUMMER AT THE EARLIEST.

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FM AMEMBASSY LONDON
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7. E.C. CO-ORDINATION. THE FCO THINKS MOST OF GROUP B IS WILLING TO GO FURTHER THAN THE UNITED STATES, BUT GROUP B MUST STICK TOGETHER EVEN IF THEY DO NOT FULLY AGREE WITH THE U.S. STANCE. THE DANES AND THE DUTCH ARE EXPECTED TO BE EVEN MORE FORTHCOMING IN THE FUTURE TO G-77 DEMANDS THAN THEY HAVE YET BEEN. RECENT EC LIMITED OFFICIAL USE

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CO-ORDINATED MEETINGS HAVE PRODUCED LITTLE AGREEMENT ON ANYTHING WITH REGARD TO THE CF. THE NETHERLANDS AND THE FRG PRESENT OPPOSITE POLES ON THE SECOND WINDOW, WHILE THE U.K. IS SEEKING TO FIND GROUND BETWEEN THOSE EXTREMES. ALL U.K. OFFICIALS SEEM TO FEEL COREA HAS MODERATED HIS VIEWS AFTER HIS VISITS TO CAPITALS.

8. U.K. OFFICIALS BELIEVE THE WORLD ECONOMIC SITUATION HAS LED TO A MODERATING OF POSITIONS BY SOME G.77 MEMBERS. FOR INSTANCE, ZAMBIA AND TURKEY ARE ACCEPTING WORLD BANK CONDITIONS FOR PUTTING THEIR ECONOMIES ON MORE SOUND FOOTINGS, WHILE INDIA HAS FOR THE MOMENT GIVEN UP A LEADERSHIP ROLE IN THE G-77, WHILE IT CONCENTRATES ON ITS RELATIVELY SUCCESSFUL ECONOMIC PERFORMANCE. THE U.K. FEELS A CF IS APPEALING TO THOSE G-77 COUNTRIES WHO ARE UNWILLING TO ACCEPT EXTERNALLY IMPOSED AUSTERITY MEASURES, OR WHO ARE NOT DOING WELL ECONOMICALLY. THE FCO SEES A NEED TO CONVINCE THESE COUNTRIES THAT A REALISTIC AND NON-RHETORICAL CF DISCUSSION IS THE ONLY ONE POSSIBLE.

9. U.K. FCO OFFICERS RESPONSIBLE FOR CF ISSUES WERE VERY INTERESTED IN THE RESULTS OF U.S. BI-LATERAL DISCUSSIONS WITH AFRICAN GOVERNMENTS. THE U.K. MAY BE FEELING OUT AFRICAN ATTITUDES IN PREPARATION FOR THE COMMONWEALTH MEETINGS, AS WELL AS LOOKING FOR SOME SIGN OF SHIFT AWAY BY AFRICAN G-77 MEMBERS FROM RHETORIC TOWARD REALISTIC DISCUSSIONS.

10. COMMENT: A SLOW SHIFT IN ATTITUDES BY COMMONWEALTH COUNTRIES TOWARDS MORE TECHNICAL DISCUSSIONS ON A CF SEEMS TO BE UNDER WAY. WHILE THE U.K. INTENDS TO HANG TOUGH UNTIL SOME CONCRETE WILLINGNESS ON THE PART OF LIMITED OFFICIAL USE

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G-77 COUNTRIES TO DISCUSS THE GROUP B PROPOSAL NOW ON THE TABLE BECOMES EVIDENT, IT APPEARS THE U.K. IS BEGINNING TO PREDISPOSE ITSELF TO MOVE AT AN APPROPRIATE

TIME, BUT ONLY AFTER CONSULTATION WITH GROUP B PARTNERS,
INCLUDING THE U.S. FOR THE INTERIM THE U.K. SEEMS
UNLIKELY TO MOVE, IN SPITE OF COMMONWEALTH PRESSURES.

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